

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 OES-03 EB-07 INT-05 TRSE-00 FEA-01

XMB-02 OMB-01 AGR-05 CIAE-00 INR-07 NSAE-00 SS-15

NSC-05 STR-04 CIEP-01 L-03 NRC-05 ERDA-05 DODE-00

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 3019

INFO USDOC WASHDC

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E.O. 11652: N/A

TAGS: ETRD, EIND, UR, US

SUBJECT: SECOND ALLIS-CHALMERS IRON ORE ENRICHMENT PLANT

USDOC FOR BEWT/DOWNEY AND TDAD

1. IN CONVERSATION WITH COMMATT AUGUST 6, VISITING ALLIS-CHALMERS REP CONFIRMED THAT CONTRACT SIGNED IN JUNE 1975 WITH METALLURGIMPORT FOR SECOND IRON ORE ENRICHMENT PLANT PROVIDED FOR CASH PAYMENT KEYED TO DELIVERY OF EQUIPMENT, PLUS DOWN PAYMENT. TOTAL COST OF PLANT IS DOLLARS 52 MILLION. EXACT SITE FOR THIS PLANT HAS NOT YET BEEN DETERMINED, BUT A-C UNDERSTANDS IT WILL BE NEAR, IF NOT NEXT TO, SIMILAR PLANT WHICH A-C IS NOW BUILDING AT KREMENCHUG.

2. COMMENT: CONTRAST BETWEEN PAYMENT TERMS FOR FIRST AND SECOND A-C IRON ORE ENRICHMENT PLANTS IS STRIKING. 1973 CONTRACT, VALUED AT ABOUT DOLLARS 38 MILLION, PROVIDED FOR 45 PERCENT EX-IM BANK FINANCING, WHILE LATEST DEAL IS FOR CASH, WITH PRICE REFLECTING IMPACT OF INFLATION I N.U.S. ON EQUIPMENT PRICES. IN MEANTIME, OF COURSE, SOVIET HARD CURRENCY POSITION HAS IMPROVED SUBSTANTIALLY AND, PERHAPS IMPORTANTLY,

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AT TIME CONTRACT WAS SIGNED SOVIETS MAY NOT HAVE KNOWN EXTENT

OF THEIR GRAIN IMPORT NEEDS FOR 1975/76 CROP YEAR. IN ANY
EVENT, LATEST A-C SALE SUPPLANTS MARCH 1975 GOULD CONTRACT
(DOLLARS 47 MILLION) AS LARGEST COMPLETE PLANT DEAL BY U.S.
COMPANY CONCLUDED SINCE ENACTMENT OF 1974 TRADE ACT.
STOESSEL

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Message Attributes

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Decaption Note:
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Disposition Case Number: n/a
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Disposition History: n/a
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